# THE CARROLL CENTER FOR THE BLIND, INC.

## FINANCIAL STATEMENTS

## For the Years Ended June 30, 2021 and 2020

PATHWAY TO INDEPENDENCE

The Carroll Center

FOR THE BLIND

THE CARROLL CENTER FOR THE BLIND, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

Table of Contents

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John F. Oteri, CPA

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors
The Carroll Center for the Blind, Inc.

Ladies and Gentlemen:

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Carroll Center for the Blind, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities without donor restrictions, activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Carroll Center for the Blind, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, on our consideration of The Carroll Center for the Blind's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Carroll Center for the Blind Inc.'s internal control over financial reporting and compliance.

DI PESA & COMPANY

*Di Pesa & Company*

Certified Public Accountants
Quincy, Massachusetts
November 23, 2021

THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and cash equivalents | $ 671,006 | $ 1,250,784 |
| Short-term investments | 2,000,000 | - |
| Accounts receivable | 791,297 | 482,178 |
| Contributions receivable | 228,044 | 287,086 |
| Other receivables | - | 47 |
| Merchandise inventory | 96,276 | 101,967 |
| Prepaid expenses | 134,398 | 160,451 |
| Total current assets | 3,921,021 | 2,282,513 |
| **Investments** | 3,937,729 | 2,350,740 |
| **Property, Plant, and Equipment** | 3,450,479 | 3,531,939 |
| **Single Premium Life Annuity** | 127,880 | 141,445 |
| **Total Assets** | $ 11,437,109 | $ 8,306,637 |

| | 2021 | 2020 |
|---|---|---|
| **LIABILITIES AND NET ASSETS** | | |
| **Current Liabilities:** | | |
| Accounts payable | $ 85,315 | $ 77,671 |
| Accrued payroll | 264,450 | 339,306 |
| Accrued expenses | 32,241 | 31,833 |
| Deferred revenue | 13,946 | 42,940 |
| Current portion of long-term debt | - | 97 |
| Current portion of annuity obligation | 13,500 | 13,500 |
| Total current liabilities | 409,452 | 505,347 |
| **Annuity Obligation** | 100,444 | 114,009 |
| Total liabilities | 509,896 | 619,356 |
| **Net Assets:** | | |
| Without donor restrictions: | | |
| Undesignated | 1,133,795 | 1,098,807 |
| Net investment in plant | 3,450,479 | 3,531,842 |
| Designated by the Board for operating reserves | 1,395,000 | 1,395,000 |
| Comprehensive campaign | 500,000 | - |
| Designated by the Board for endowment | 1,810,780 | 273,791 |
| | 8,290,054 | 6,299,440 |
| With donor restrictions: | | |
| Perpetual in nature | 731,949 | 681,949 |
| Purpose restricted | 1,754,134 | 418,806 |
| Time restricted | 151,076 | 287,086 |
| | 2,637,159 | 1,387,841 |
| Total net assets | 10,927,213 | 7,687,281 |
| **Total Liabilities and Net Assets** | $ 11,437,109 | $ 8,306,637 |

The accompanying notes are an integral part of the financial statements.

**THE CARROLL CENTER FOR THE BLIND, INC.**
**STATEMENTS OF ACTIVITIES WITHOUT DONOR RESTRICTIONS**
**For the Years Ended June 30, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **OPERATING ACTIVITIES:** | | |
| **Revenues:** | | |
| Operating revenues: | | |
| Program services | $ 4,219,766 | $ 4,258,129 |
| Contributions and grants | 1,712,952 | 881,704 |
| Retail store gross margin | 63,570 | 54,786 |
| Investment income | 29,857 | 40,739 |
| Other income | 5,329 | 6,515 |
| Total operating revenues | 6,031,474 | 5,241,873 |
| Net assets released from restrictions: | | |
| Satisfaction of program restrictions | 1,407,639 | 1,051,835 |
| Satisfaction of property acquisition restrictions | 14,971 | 115,697 |
| Satisfaction of time restrictions | 280,510 | 309,867 |
| Total net assets released from restrictions | 1,703,120 | 1,477,399 |
| Total revenues, gains, and other support | 7,734,594 | 6,719,272 |
| **Expenses:** | | |
| Program services: | | |
| Education services | 2,197,669 | 1,862,179 |
| Rehabilitation services | 1,375,473 | 1,739,492 |
| Community services | 421,362 | 658,844 |
| Computer training | 259,338 | 288,440 |
| Other | 363,721 | 426,133 |
| Support services: | | |
| General and administrative | 1,165,826 | 1,207,017 |
| Fundraising | 535,511 | 484,256 |
| Total expenses | 6,318,900 | 6,666,360 |
| **Change in Net Assets Without Donor Restrictions from Operating Activities** | 1,415,694 | 52,912 |
| **NONOPERATING ACTIVITIES:** | | |
| Bequests | 528,117 | 124,894 |
| Net realized and unrealized gain/(loss) on investments | 46,803 | (24,317) |
| **Change in Net Assets Without Donor Restrictions from Nonoperating Activities** | 574,920 | 100,577 |
| **CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS** | $ 1,990,614 | $ 153,488 |

The accompanying notes are an integral part of the financial statements.

**THE CARROLL CENTER FOR THE BLIND, INC.**
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**
**For the Years Ended June 30, 2021 and 2020**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **REVENUES, GAINS, AND OTHER SUPPORT:** | | | | | | |
| Program services | $ 4,219,766 | $ - | $ 4,219,766 | $ 4,258,129 | $ - | $ 4,258,129 |
| Contributions and grants | 2,241,069 | 2,952,438 | 5,193,507 | 1,006,598 | 1,443,907 | 2,450,505 |
| Retail store gross margin | 63,570 | - | 63,570 | 54,786 | - | 54,786 |
| Investment income | 29,857 | - | 29,857 | 40,739 | - | 40,739 |
| Net realized and unrealized gain/(loss) on investments | 46,803 | - | 46,803 | (24,317) | - | (24,317) |
| Other income | 5,329 | - | 5,329 | 6,516 | - | 6,516 |
| Net assets released from restrictions | 1,703,120 | (1,703,120) | - | 1,477,399 | (1,477,399) | - |
| Total revenues, gains, and other support | 8,309,514 | 1,249,318 | 9,558,832 | 6,819,849 | (33,492) | 6,786,356 |
| **EXPENSES:** | | | | | | |
| Program services | 4,617,563 | - | 4,617,563 | 4,975,087 | - | 4,975,087 |
| General and administrative | 1,165,826 | - | 1,165,826 | 1,207,017 | - | 1,207,017 |
| Fundraising | 535,511 | - | 535,511 | 484,256 | - | 484,256 |
| Total expenses | 6,318,900 | - | 6,318,900 | 6,666,360 | - | 6,666,360 |
| **CHANGE IN NET ASSETS** | 1,990,614 | 1,249,318 | 3,239,932 | 153,489 | (33,492) | 119,996 |
| **NET ASSETS - Beginning of Year** | 6,299,440 | 1,387,841 | 7,687,281 | 6,145,952 | 1,421,333 | 7,567,285 |
| **NET ASSETS - End of Year** | $ 8,290,054 | $ 2,637,159 | $ 10,927,213 | $ 6,299,440 | $ 1,387,841 | $ 7,687,281 |

The accompanying notes are an integral part of the financial statmeents.

THE CARROLL CENTER FOR THE BLIND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

| | Program Services | | | | | | | | Supporting Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Education Services | Rehabilitation Services | Community Services | Computer Training | Accessibility Services | Retail Store | Low Vision | Total | Plant Operations | General and Admin | Fundraising | Total | Grand Total |
| Salaries | $ 1,311,703 | $ 753,184 | $ 318,248 | $ 150,357 | $ 125,934 | $ 49,056 | $ 25,605 | $ 2,734,088 | $ 110,552 | $ 730,591 | $ 242,019 | $ 1,083,162 | $ 3,817,250 |
| Employee benefits | 146,064 | 97,202 | 28,393 | 34,635 | 22,558 | 11,421 | 4,970 | 345,243 | 37,963 | 99,458 | 51,054 | 188,475 | 533,718 |
| Payroll taxes | 107,485 | 92,703 | 33,205 | 10,670 | 8,980 | 3,719 | 1,984 | 258,746 | 17,814 | 55,751 | 16,276 | 89,840 | 348,586 |
| | 1,565,252 | 943,089 | 379,847 | 195,662 | 157,472 | 64,196 | 32,558 | 3,338,076 | 166,329 | 885,800 | 309,349 | 1,361,477 | 4,699,554 |
| Accounting and audit | - | - | - | - | - | - | - | - | - | 31,710 | - | 31,710 | 31,710 |
| Bad debt expense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bank charges | - | - | 68 | 81 | 30 | 4,289 | - | 4,467 | - | 446 | 9,023 | 9,470 | 13,937 |
| Conferences | 650 | 425 | - | - | 35 | - | - | 1,110 | - | - | - | - | 1,110 |
| Consultants | 713 | 10,929 | - | - | 59,602 | - | - | 71,244 | - | - | 85,645 | 85,645 | 156,889 |
| Depreciation | 3,887 | 8,527 | 414 | 1,453 | 128 | 167 | - | 14,577 | 152,446 | 30,853 | 2,025 | 185,324 | 199,901 |
| Dining service | 393 | 113,582 | 27 | - | - | - | - | 114,002 | 28 | 5,124 | 99 | 5,250 | 119,252 |
| Dues and subscriptions | 340 | 110 | 48 | - | - | - | - | 498 | 46 | 6,938 | 3,538 | 10,522 | 11,020 |
| Equipment rental | - | 495 | - | - | - | - | - | 495 | - | 7,187 | - | 7,187 | 7,682 |
| Events | - | - | - | - | - | - | - | - | - | 179 | 392 | 571 | 571 |
| Insurance | 7,563 | 7,187 | 1,966 | 857 | 874 | 743 | 152 | 19,341 | 22,123 | 22,294 | 300 | 44,717 | 64,057 |
| Interest expense | - | - | - | - | - | - | - | - | 0 | - | - | 0 | 0 |
| Legal | 350 | - | - | - | - | - | - | 350 | - | - | 997 | 997 | 1,347 |
| Marketing | - | - | - | - | - | - | - | - | - | 3,870 | - | 3,870 | 3,870 |
| Occupancy | 50 | - | - | - | - | - | - | 50 | - | - | - | - | 50 |
| Postage | 1,734 | 632 | 71 | - | 16 | 2,573 | 1 | 5,027 | 1 | 1,106 | 10,938 | 12,045 | 17,072 |
| Printing | - | - | - | - | - | - | - | - | 55 | 220 | 34,580 | 34,855 | 34,855 |
| Professional fees | 4,244 | - | - | - | - | 763 | - | 5,008 | - | 6,032 | 5,407 | 11,439 | 16,446 |
| Publications | 487,002 | - | - | - | - | - | - | 487,002 | - | - | - | - | 487,002 |
| Recruitment | - | 90 | - | - | - | - | - | 90 | - | 6,916 | - | 6,916 | 7,006 |
| Repairs and maintenance | - | 1,590 | - | - | - | - | - | 1,590 | 94,564 | 890 | - | 95,454 | 97,044 |
| Scholarships | 1,195 | 200 | 1,213 | - | - | - | - | 2,608 | - | - | - | - | 2,608 |
| Supplies | 7,173 | 8,938 | 4,275 | 4,394 | 830 | 376 | 304 | 26,290 | 1,474 | 21,307 | 4,904 | 27,686 | 53,975 |
| Technical support | 5,540 | 2,501 | 2,148 | 482 | - | 4,193 | 357 | 15,222 | - | 38,052 | 26,670 | 64,722 | 79,944 |
| Travel | 49,525 | 12,464 | 17,980 | 54 | - | - | - | 80,023 | 106 | 22 | - | 128 | 80,151 |
| Utilities | 18,318 | 5,279 | 2,511 | 2,317 | 308 | - | - | 28,733 | 91,903 | 11,130 | 80 | 103,113 | 131,847 |
| | 2,153,929 | 1,116,039 | 410,567 | 205,299 | 219,295 | 77,300 | 33,373 | 4,215,801 | 529,075 | 1,080,077 | 493,946 | 2,103,098 | 6,318,900 |
| Plant operations allocated | 43,740 | 259,434 | 10,795 | 54,038 | 10,878 | 11,437 | 11,437 | 401,762 | (529,075) | 85,749 | 41,565 | (401,762) | - |
| | $ 2,197,669 | $ 1,375,473 | $ 421,362 | $ 259,338 | $ 230,173 | $ 88,738 | $ 44,810 | $ 4,617,563 | $ - | $ 1,165,826 | $ 535,511 | $ 1,701,337 | $ 6,318,900 |
| | 34.8% | 21.8% | 6.7% | 4.1% | 3.6% | 1.4% | 0.7% | 73.1% | 0.0% | 18.4% | 8.5% | 26.9% | 100.0% |

Note: Columns and rows may not add properly due to rounding.

The accompanying notes are an integral part of the financial statements.

The Carroll Center FOR THE BLIND

**THE CARROLL CENTER FOR THE BLIND, INC.**
**STATEMENT OF FUNCTIONAL EXPENSES**
**For the Year Ended June 30, 2020**

| | Program Services | | | | | | | | Supporting Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Education Services | Rehabilitation Services | Community Services | Computer Training | Accessibility Services | Retail Store | Low Vision | Total | Plant Operations | General and Admin | Fundraising | Total | Grand Total |
| Salaries | $ 1,068,672 | $ 1,000,420 | $ 508,016 | $ 162,181 | $ 118,185 | $ 64,207 | $ 55,791 | $ 2,977,472 | $ 127,146 | $ 760,188 | $ 235,345 | $ 1,122,679 | $ 4,100,151 |
| Employee benefits | 123,598 | 141,761 | 45,962 | 35,017 | 18,896 | 12,019 | 23,858 | 401,112 | 52,865 | 91,303 | 47,894 | 192,061 | 593,173 |
| Payroll taxes | 90,971 | 80,149 | 44,246 | 11,438 | 8,725 | 4,590 | 3,594 | 243,711 | 8,355 | 52,945 | 16,385 | 77,685 | 321,397 |
| | 1,283,241 | 1,222,330 | 598,224 | 208,635 | 145,805 | 80,816 | 83,243 | 3,622,295 | 188,366 | 904,436 | 299,624 | 1,392,425 | 5,014,721 |
| Accounting and audit | - | - | - | - | - | - | - | - | - | 32,563 | - | 32,563 | 32,563 |
| Bad debt expense | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bank charges | - | - | - | 26 | 141 | 2,988 | - | 3,155 | - | 623 | 5,892 | 6,515 | 9,670 |
| Conferences | 3,752 | 4,903 | 410 | - | - | 60 | - | 9,125 | - | 3,863 | 2,184 | 6,047 | 15,172 |
| Consultants | 900 | 18,389 | - | - | 62,706 | - | - | 81,995 | - | 5,662 | 14,373 | 20,035 | 102,030 |
| Depreciation | 3,792 | 7,402 | 673 | 1,293 | 257 | 333 | - | 13,751 | 153,255 | 27,834 | 2,612 | 183,701 | 197,452 |
| Dining service | 5,612 | 140,269 | - | 15,290 | - | - | - | 161,171 | 49 | 6,238 | 6,669 | 12,956 | 174,127 |
| Dues and subscriptions | 265 | 110 | - | - | 486 | - | - | 861 | 55 | 9,833 | 2,364 | 12,252 | 13,113 |
| Equipment rental | 668 | 9,697 | - | 42 | - | - | - | 10,407 | - | 2,977 | 4 | 2,981 | 13,388 |
| Events | - | - | - | - | - | - | - | - | - | 1,386 | 316 | 1,701 | 1,701 |
| Insurance | 7,075 | 6,656 | 1,837 | 863 | 817 | 694 | 142 | 18,083 | 22,692 | 22,411 | 300 | 45,403 | 63,486 |
| Interest expense | - | - | - | - | - | - | - | - | 14 | - | - | 14 | 14 |
| Legal | 1,944 | - | - | - | - | - | - | 1,944 | - | - | 3,110 | 3,110 | 5,053 |
| Marketing | - | - | - | - | - | - | - | - | - | 2,389 | 4,180 | 6,569 | 6,569 |
| Occupancy | 4,425 | 15,930 | - | - | - | - | - | 20,355 | - | - | - | - | 20,355 |
| Postage | 665 | 582 | 603 | 56 | 3 | 843 | 3 | 2,754 | 1 | 3,797 | 18,667 | 22,465 | 25,219 |
| Printing | 938 | 751 | 850 | 25 | 235 | 380 | 215 | 3,394 | - | 958 | 34,166 | 35,123 | 38,517 |
| Professional fees | 3,883 | 3,851 | - | - | - | 643 | - | 8,377 | - | 5,598 | 15,309 | 20,907 | 29,284 |
| Publications | 425,491 | - | - | - | - | - | - | 425,491 | - | - | - | - | 425,491 |
| Recruitment | - | - | - | - | - | - | - | - | - | 5,064 | - | 5,064 | 5,064 |
| Repairs and maintenance | - | 4,368 | - | - | - | - | - | 4,368 | 90,583 | 2,907 | - | 93,490 | 97,858 |
| Scholarships | 1,000 | 6,500 | 100 | - | - | - | 600 | 8,200 | - | - | - | - | 8,200 |
| Supplies | 6,812 | 12,092 | 8,127 | 3,752 | 480 | 3,521 | 999 | 35,784 | 324 | 21,736 | 3,461 | 25,522 | 61,306 |
| Technical support | 4,989 | 2,228 | 1,914 | 429 | - | 2,791 | 318 | 12,669 | - | 42,989 | 26,201 | 69,190 | 81,859 |
| Travel | 41,725 | 8,868 | 31,012 | 299 | 81 | 405 | 308 | 82,697 | 276 | 837 | 212 | 1,325 | 84,022 |
| Utilities | 18,353 | 5,745 | 3,717 | 2,192 | - | - | - | 30,008 | 98,382 | 11,537 | 199 | 110,118 | 140,126 |
| | 1,815,530 | 1,470,671 | 647,467 | 232,904 | 211,010 | 93,475 | 85,829 | 4,556,885 | 553,996 | 1,115,637 | 439,842 | 2,109,475 | 6,666,360 |
| Plant operations allocated | 46,649 | 268,820 | 11,377 | 55,536 | 11,180 | 12,320 | 12,320 | 418,202 | (553,996) | 91,380 | 44,413 | (418,202) | - |
| | $ 1,862,179 | $ 1,739,492 | $ 658,844 | $ 288,440 | $ 222,190 | $ 105,795 | $ 98,149 | $ 4,975,087 | $ - | $ 1,207,017 | $ 484,256 | $ 1,691,273 | $ 6,666,360 |
| | 27.9% | 26.1% | 9.9% | 4.3% | 3.3% | 1.6% | 1.5% | 74.6% | 0.0% | 18.1% | 7.3% | 25.4% | 100.0% |

Note: Columns and rows may not add properly due to rounding.

**THE CARROLL CENTER FOR THE BLIND, INC.**
**STATEMENTS OF CASH FLOWS**
**For the Years Ended June 30, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Cash received from clients, consumers, and contracts | $ 4,029,806 | $ 4,690,476 |
| Cash received from contributors and grantors | 3,746,772 | 2,511,597 |
| Proceeds from sales of donated securities | 1,495,358 | 15,642 |
| Interest and dividends received | 29,857 | 40,739 |
| Interest paid | (0) | (14) |
| Cash paid to employees | (4,278,217) | (4,321,104) |
| Cash paid to suppliers | (1,365,689) | (1,544,687) |
| Cash paid to benefit plan providers | (609,754) | (661,925) |
| Net cash provided from operating activities | 3,048,132 | 730,723 |
| **Cash Flows from Investing Activities:** | | |
| Purchases of property, plant, and equipment | (102,598) | (152,668) |
| Proceeds from maturities and redemptions of investments | - | 150 |
| Purchases of investments | (3,575,214) | (105,505) |
| Net cash used in investing activities | (3,677,812) | (258,024) |
| **Cash Flows from Financing Activities:** | | |
| Principal payments on long-term debt | (97) | (572) |
| Cash received from contributors restricted for long-term investment | 50,000 | - |
| Net cash provided from financing activities | 49,903 | (572) |
| **Net Change in Cash and Cash Equivalents** | (579,778) | 472,128 |
| **Cash and Cash Equivalents - Beginning of Year** | 1,250,784 | 778,656 |
| **Cash and Cash Equivalents - End of Year** | $ 671,006 | $ 1,250,784 |

| | 2021 | 2020 |
|---|---|---|
| **Reconciliation of change in net assets to net cash used in operating activities:** | | |
| Change in net assets | $ 3,239,932 | $ 119,996 |
| Adjustments to reconcile change in net assets to net cash provided from operating activities: | | |
| Depreciation | 199,901 | 197,452 |
| Net realized and unrealized (gain)/loss on investments | (46,803) | 24,317 |
| Noncash contributions received | (1,460,329) | (30,769) |
| Proceeds from sales of contributed marketable securities | 1,495,358 | 15,642 |
| Contributions restricted for long-term investment | (50,000) | - |
| (Increase)/decrease in operational assets: | | |
| Accounts receivable | (309,119) | 298,680 |
| Contributions receivable | 59,042 | 69,266 |
| Other receivables | 47 | 779 |
| Merchandise inventory | 5,691 | 6,477 |
| Prepaid expenses | 26,053 | 1,287 |
| Increase/(decrease) in operational liabilities: | | |
| Accounts payable | (8,199) | (8,304) |
| Accrued payroll | (74,856) | 26,505 |
| Accrued expenses | 409 | 6,143 |
| Deferred revenue | (28,994) | 3,252 |
| Total adjustments | (191,800) | 610,727 |
| Net cash provided from operating activities | $ 3,048,132 | $ 730,723 |
| **Supplemental disclosures for noncash investing and financing activities:** | | |
| Gifts of marketable securities | $ 1,460,329 | $ 15,769 |
| Gifts of property, plant, and equipment | $ - | $ 15,000 |
| Capital acquisitions included in accounts payable | $ 20,028 | $ 4,186 |

The accompanying notes are an integral part of the financial statements.

## Note 1. Nature of the Organization

The Carroll Center for the Blind (the "Center") is a Massachusetts not-for-profit corporation chartered in 1947. It was founded in 1936 as the Catholic Guild for All the Blind. The Center is the first civilian-operated organization in the United States designed specifically to meet the needs of blind adult citizens where individuals can learn to be independent.

The Center has evolved as a world leader in providing meaningful services to blind persons of all ages. This began with its innovative Residential Rehabilitation Program for newly blinded adults in 1954, and has continued with programs of Low Vision Training, Community Mobility Training, Educational Services in public schools, Adaptive Technology Training, and Outdoor Recreation Programs. The Center also manages the Massachusetts Accessible Instructional Materials Library ("AIM"), which provides Braille and large print books to blind children in Massachusetts-based public and private schools, and operates a retail store.

Funding sources for payment of fees for services to individual clients are derived from government units and other third parties. The Center supplements the cost of programs through fundraising and gifts from friends, foundations, and businesses. Individuals serviced are principally from the Commonwealth of Massachusetts, with a significant number of residential rehabilitation clients originating from throughout the U.S.

## Note 2. Significant Accounting Policies

### *a) Basis of Presentation*

The Center's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

- <u>Without Donor Restrictions</u> – Net assets available for use in general operations and not subject to donor-imposed restrictions. Assets restricted solely through the actions of the Board of Directors (the "Board") are reported as net assets without donor restrictions, board designated.
- <u>With Donor Restrictions</u> – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity.

**Note 2. Significant Accounting Policies** (continued)

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of time restriction on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as releases of the restrictions and therefore reclassifications between the applicable classes of net assets.

***b) Cash and Cash Equivalents***

The Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Money market funds and certificates of deposit which are maintained for long-term investment are not considered to be cash equivalents.

The Center maintains cash balances at financial institutions which at times may exceed federally insured limits. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents.

***c) Accounts Receivable***

The timing of revenue recognition, billings, and cash collections results in accounts receivable. Accounts receivable are recorded when the right to consideration becomes unconditional.

Receivables are carried at original invoice amount less an allowance made for doubtful accounts based on a monthly review of all outstanding amounts. Many client services are provided under contractual terms with state and local governments and agencies. Such contracts may be subject to limits in allowances and/or audits which could produce adjustments to revenues.

A receivable is considered past due if any portion of its balance is outstanding for more than 90 days. It is the Center's policy to write off delinquent accounts when management determines the receivable will not be collected. Interest is not charged on past due receivables and they are not collateralized.

**Note 2. Significant Accounting Policies** (continued)

***d) Inventories***

Inventories include items held for resale at the Center's low vision retail store and are carried at the lower of cost (first-in, first-out method) or net realizable value.

***e) Contributions and Contributions Receivable***

Contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. New pledges and contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies.

The presence of both a barrier and a right of return make a contribution conditional. Conditional promises to give to the Center are not recognized until the conditions are satisfied.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. This determination includes such factors as prior collection history, type of contribution, and nature of fundraising activity. Management has determined that no allowance is required.

Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with restrictions and reclassified to net assets without donor restrictions unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions.

The Center reports expirations of donor restrictions when the donated or acquired long-lived asset is placed in service. Conditional contributions are recorded as revenue when such amounts become unconditional, which generally involves the meeting of a barrier to entitlement. A barrier can include meeting a matching provision or incurring specified allowable expenses in accordance with a framework of allowable costs.

Contributions of works of art, historical treasures, and similar assets held as part of a collection for exhibition purposes rather than for sale or financial gain are not recognized or capitalized.

**Note 2. Significant Accounting Policies** (continued)

### *f) Investments*

Investments consist primarily of money market securities and mutual funds and are stated at fair value. Interest and dividend income yielded on investments and the net realized and unrealized gains or losses on investments are recorded in the statements of activities and changes in net assets. Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are allocated ratably based on the relative proportion of funds invested with donor-imposed restrictions and those without donor-imposed restrictions. Investment returns allocated to net assets with donor-imposed restrictions remain in such category until appropriated by the Board unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

### *g) Fair Value Measurements*

Fair value refers to the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The Center establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

- Level 1 – quoted prices in active markets accessible at the measurement date for assets of liabilities.
- Level 2 – observable prices based on inputs not quoted in active markets but corroborated by market data.
- Level 3 – unobservable inputs are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All of the Center’s fair value measures are Level 1 inputs.

### *h) Impairment of Long-Lived Assets*

Long-lived assets, such as buildings, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated discounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds it estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. No impairments were recognized for the years ended June 30, 2021 and 2020.

**Note 2. Significant Accounting Policies** (continued)

### *i) Property, Plant, and Equipment*

Property, plant, and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. Expenditures for major renewals and improvements exceeding $500 are capitalized, while ordinary expenditures for repairs and maintenance are expensed as incurred.

When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

| Description | Estimated Useful Life |
|---|---|
| Buildings and Improvements | 10 – 45 Years |
| Land Improvements | 15 Years |
| Equipment and Fixtures | 3 – 20 Years |

### *j) Revenue Recognition*

Revenue under grants, contracts, and similar agreements comprises federal and non-federal (e.g., state, private foundation, etc.) grants and contracts. The funding may represent a reciprocal transaction in which the resources provided are for the benefit of the Center, the funding organization's mission, or the public at large. Federal grants and non-federal grants with similar restrictions on spending are conditional and revenue is recognized at the time expenditures are incurred. Unconditional non-exchange revenue is recognized in full when a qualifying promise to give has been made, generally when the agreement is finalized. Revenues from exchange transactions are recognized as performance obligations are satisfied, which may be as milestones are achieved or as related costs are incurred.

### *k) Measure of Operations*

The Center separates it activities without donor restrictions between operating and non-operating segments. Operating activities represent those revenues and expenses incurred in the day-to-day operation of the Center. They also include income yielded from the Center's investments, which are generally used to fund program expenses. Non-operating activities represent those transactions having no effect on the Center's day-to-day performance, which include, but are not limited to, contributions received from decedents' estates under testamentary bequests; investment gains or losses; and gains or losses on the dispositions of property, plant, and equipment.

**Note 2. Significant Accounting Policies** (continued)

***l) Split-Interest Agreements***

The Center's split-interest agreements with donors consist of charitable gift annuities, charitable remainder trusts, and beneficial interest in perpetual trusts. Assets related to charitable gift annuities are recorded at their fair values when received and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designee. At the time of the gift, the Center recognizes contribution revenue in an amount equal to the difference between these two amounts. Discount rates and actuarial assumptions used to determine the liability are those contained in mortality tables published by the Internal Revenue Service and are typically based on factors such as applicable federal interest rates and donor life expectancies. The liabilities are adjusted annually for changes in the estimates of future benefits, and the changes in the value of these agreements are included in the statements of activities.

***m) Functional Allocation of Expenses***

The Center allocates expenses by functional responsibility. In not-for-profit accounting, these functions are designated Programming, Management, and Fundraising. The Center's programming expenses are segmented between its individual programs and the operation of its retail store.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses therefore require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include plant operations and depreciation, which are allocated on a square footage basis, as well as compensation, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

***n) Income Taxes***

The Center is recognized as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not a private foundation. The Center's Federal tax returns are open to examination by Federal authorities for the fiscal years ended June 30, 2020, 2019, and 2018.

The Center's policies for income taxes help determine the proper recognition, classification, and disclosure of taxes, interest, and penalties. Management has evaluated significant tax positions against criteria established by professional standards and believes there are no tax positions that require accounting recognition in the financial statements, nor are there any material uncertainties regarding income taxes.

**Note 2. Significant Accounting Policies** (continued)

***o) Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, fair value of investments, carrying amount of property and equipment, and allowances for receivables balances. Although these estimates are based on management's best knowledge of current events and actions the Center may undertake in the future, actual results could differ from those estimates.

***p) Advertising***

The Center expenses advertising as incurred. The Center includes advertising expenses on the statements of functional expenses with marketing expenses.

***q) Reclassifications***

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications have no effect on the reported results of activities or changes in net assets.

***r) Management's Review of Subsequent Events***

The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Financial Position, including the estimates inherent in the process of preparing financial statements. Subsequent events have been evaluated through November 23, 2021, which is the date the financial statements were available to be issued.

## Note 2. Significant Accounting Policies (continued)

### *s) Recent Accounting Pronouncements*

In February 2016 the FASB issued an updated standard on leases, that requires a lessee to record all leases with a term of more than 12 months as an asset representing its right to use the underlying asset and a liability to make lease payments. The update is effective for annual financial statements issued for fiscal years beginning after December 15, 2021.

## Note 3. Accounts Receivable

The following summarizes accounts receivable at June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| 0 - 30 days | $ 453,845 | $ 261,932 |
| 31 - 60 days | 303,427 | 97,139 |
| 61 - 90 days | 31,688 | 10,775 |
| 91 - 120 days | 11,054 | 43,788 |
| Over 120 days | 1,923 | 79,333 |
| | 801,936 | 492,967 |
| Allowance for doubtful accounts | (10,639) | (10,789) |
| | $ 791,297 | $ 482,178 |

The Center receives a significant portion of funding for its programs as cost reimbursement contracts with the United States Department of Education, Office of Special Education and Rehabilitation Services (the “DOE”). These awards are passed through to the Commonwealth of Massachusetts Department of Education and Executive Office of Health and Human Services.

The pricing and terms for contracts for education, orientation and mobility, and rehabilitation services are set by the Commonwealth of Massachusetts and individual municipalities. The contracts do not contain a financing component and generally require payment within 30 days from the invoice date, which are typically billed monthly.

## Note 3. Accounts Receivable (continued)

Credit risk for the Center for the years ended June 30, 2021 and 2020, was concentrated in the following clients who each comprised more than 10% of the Center's program services revenues:

| | 2021 | 2020 |
|---|---|---|
| Massachusetts Commission for the Blind | 36% | 45% |
| Massachusetts public and private school systems | 34% | 25% |
| Massachusetts Department of Elementary and Secondary Education | 18% | 16% |

At June 30, 2021 and 2020, the significant clients accounted for the following amounts of the Center's accounts receivable.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Massachusetts Commission for the Blind | $ 308,355 | 38% | $ 167,696 | 34% |
| Massachusetts public and private school systems | $ 276,582 | 34% | $ 215,573 | 44% |
| Massachusetts Department of Elementary and Secondary Education | $ 64,138 | 8% | $ 45,286 | 9% |

## Note 4. Investments

The Center's investment policy is to enhance income wherein:

a) estimated amounts required for operating purposes are invested with varied maturity dates; and
b) all other investable assets are pooled in institutional mutual fund portfolios allocated between money market funds, fixed income funds, and equity funds.

The Board considers its assets held for long-term investment to function as endowment funds. The Center's long-term and short-term investments are summarized as follows at June 30, 2021 and 2020:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Money market funds | $ 5,396,842 | $ 5,396,842 | $ 1,771,628 | $ 1,771,628 |
| Fixed income mutual funds | 566,590 | 540,888 | 571,085 | 527,604 |
| Corporate bonds | - | - | 50,000 | 51,508 |
| | $ 5,963,432 | $ 5,937,729 | $ 2,392,713 | $ 2,350,740 |

**Note 4. Investments** (continued)

***a) Interpretation of Relevant Law***

The Center is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Massachusetts. Under UPMIFA, the Board has discretion to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the Center to appropriate for expenditure as much of an endowment fund as the Board determines to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Seven criteria are used to guide the Board in determining whether to appropriate from or accumulate to a fund:

1) the duration and preservation of the fund
2) the purposes of the Center and the endowment fund
3) general economic conditions
4) the possible effect of inflation or deflation
5) the expected total return from income and the appreciation of investments
6) other resources of the Center
7) the investment policy of the Center

The Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent donor stipulations to the contrary. As a result of this interpretation, the Center classifies as donor-imposed restricted net assets that are perpetual in nature:

a) the original value of gifts donated to the permanent endowment
b) the original value of subsequent gifts donated to the permanent endowment
c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund

The remaining portion of the donor-imposed restricted endowment fund that is not classified as perpetual in nature is classified as donor-imposed purpose restricted net assets, until appropriated for spending by the Board.

**Note 4. Investments** (continued)

***b) Return Objectives and Risk Parameters***

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

To satisfy its long-term objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The ongoing short-term needs of the Center will be achieved by investing in money market funds and certificates of deposit.

***c) Spending Policy and How the Investment Objectives Relate to Spending Policy***

It is anticipated that cash needs to support the ongoing operations of the Center will be supplied by a short-term operating account to be invested in money markets and maintained separately from the long-term portfolio. This policy may be altered depending upon the growth of the longer-term assets and the needs of the Center.

Rolling three and five-year periods are used to determine whether the portfolio's objectives are being met, and investment returns are reviewed quarterly. The current spending policy for the pooled assets is to allow them to grow whenever possible, and should the need for funds arise for the Center, to utilize the elements of the invested assets that are without donor restrictions.

***d) Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. These deficiencies result from unfavorable market fluctuation that occurred after the investment of new contributions with donor restrictions that are perpetual in nature. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restrictions. Deficiencies of this nature that are reported as reductions in net assets with donor restrictions totaled $30,575 and $44,938 as of June 30, 2021 and 2020, respectively.

### Note 5. Liquidity and Availability of Resources

The Center has $5.14 million of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditure. They comprise the following:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 493,840 |
| Accounts receivable | | 791,297 |
| Contributions receivable | | 151,076 |
| Short-term investments | | 500,000 |
| Long-term investments | | 3,205,780 |
| | $ | 5,141,994 |

None of the financial assets listed are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due; and to maintain an operating reserve of 75 days of recurring operating expenses calculated on a 3-year average, which total approximately $1.4 million. As part of the Center's liquidity management, excess cash is invested in short-term investments, including money market accounts. Refer to the Statements of Cash Flows which identify the sources and uses of the Center's cash and shows positive cash provided from operations for each of the years ended June 30, 2021 and 2020.

### Note 6. Contributions Receivable

Unconditional promises to give (pledges) are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Generally, receivables are discounted at an interest rate equivalent to the Center's prevailing cost of short-term borrowing; however, no discount was recorded during 2021 and 2020. All contributions receivable are expected to be collected within the next 12 months.

**Note 7. Property, Plant, and Equipment**

Property, plant, and equipment are summarized as follows at June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Land and improvements | $ 191,393 | $ 191,393 |
| Buildings and improvements | 5,787,007 | 5,762,974 |
| Equipment and fixtures | 758,649 | 738,124 |
| | 6,737,049 | 6,692,491 |
| Accumulated depreciation | (3,286,570) | (3,160,552) |
| | $ 3,450,479 | $ 3,531,939 |

Depreciation expense totaled $199,901 in 2021 and $197,452 in 2020. In 2021 the Center retired $73,883 of fully depreciated fixed assets.

**Note 8. Paycheck Protection Program**

In 2020 the Center received loan proceeds from Century Bank in the amount of $844,000 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted in March 2020. A second draw on the PPP occurred in 2021 in the amount of $920,400. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll and benefits, within a certain time frame.

The first PPP draw was forgiven in its entirety in 2021, while the second PPP draw was forgiven in its entirety subsequent to the balance sheet date. The Center's management is treating both loan proceeds as government grants. Accordingly, the loan proceeds are recorded on the financial statements as donor-imposed restricted revenue. The restrictions were released based on the timing of qualified expenses. The amount of such expenses incurred totaled $167,196 applied to the first draw and $920,400 applied to the second draw in 2021; and $676,804 applied to the first draw in 2020.

## Note 9. Program Revenues

The Center has a variety of business lines which include adult rehabilitation training and primary and secondary school education. The following table summarizes the percentages of revenue derived from each of these programs.

| | 2021 | 2020 |
|---|---|---|
| Education services | 56% | 46% |
| Rehabilitation services | 26% | 31% |
| Community services | 9% | 12% |
| Computer training services | 5% | 6% |
| Accessibility services | 3% | 4% |
| Low Vision services | 1% | 1% |
| | 100% | 100% |

## Note 10. Restrictions and Limitations on Net Asset Balances

Net assets with donor-imposed restrictions that are not invested in perpetuity at June 30, 2021 and 2020, were allocated as follows:

| | 2021 | 2020 |
|---|---|---|
| Building rededication | $ 1,500,000 | $ - |
| Time restricted | 151,076 | 287,086 |
| Internships | 69,968 | 47,535 |
| Education services | 57,500 | 77,374 |
| Computer training services | 40,200 | 200 |
| Community services | 28,749 | 10,571 |
| Summer programs | 16,500 | 2,500 |
| Rehabilitation services | 13,921 | 30,333 |
| Low vision | 13,500 | 21,785 |
| Employee recognition | 7,796 | 8,590 |
| Scholarships | 5,000 | 5,000 |
| Accessibility services | 1,000 | 40,000 |
| Paycheck Protection Program | - | 167,196 |
| Information technology | - | 7,500 |
| Capital projects | - | 221 |
| | $ 1,905,210 | $ 705,892 |

## Note 10. Restrictions and Limitations on Net Asset Balances (continued)

The sources of net assets released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors and grantors were as follows:

| | 2021 | 2020 |
|---|---|---|
| Program restrictions: | | |
| Paycheck Protection Program | $ 1,097,596 | $ 676,804 |
| Education services | 115,974 | 136,055 |
| Rehabilitation services | 48,912 | 28,367 |
| Internships | 46,135 | 33,165 |
| Web accessibility | 40,000 | 24,000 |
| Low vision | 31,785 | 28,940 |
| Summer programs | 7,500 | 71,650 |
| Information technology | 7,500 | - |
| Community services | 6,443 | 28,850 |
| Job readiness | 5,000 | 5,000 |
| Employee recognition | 793 | 784 |
| Professional development | - | 10,000 |
| Emergency reparations | - | 8,220 |
| | 1,407,639 | 1,051,835 |
| Expiration of time restrictions | 280,510 | 309,867 |
| Property and equipment acquistion restrictions | 14,971 | 115,697 |
| | $ 1,703,120 | $ 1,477,399 |

## Note 11. Endowment Fund

The Center's Endowment Fund consists of various donor-imposed restricted endowment funds and funds designated as quasi-endowment by the Board. Net assets associated with endowment funds, including funds designated to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The following is a breakdown of endowment funds by net asset classification as of June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Donor restricted endowment funds | $ 731,949 | $ 681,949 |
| Board designated endowment funds | 1,810,780 | 273,791 |
| | $ 2,542,729 | $ 955,740 |

The changes in endowment net asset fair values for the years ended June 30, 2021 and 2020 were as follows:

| | 2021 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets at beginning of fiscal year | $ 273,791 | $ 681,949 | $ 955,740 |
| Investment return: | | | |
| Interest and dividends net of fees | 8,856 | 21,001 | 29,856 |
| Net realized appreciation | 35,028 | - | 35,028 |
| Net unrealized appreciation | 1,971 | 9,803 | 11,775 |
| Net investment gain | 45,855 | 30,804 | 76,659 |
| Contributions | 1,460,329 | 50,000 | 1,510,329 |
| Appropriation of funds | 30,804 | (30,804) | - |
| Transfers from operations | - | - | - |
| Net increase in endowment net assets | 1,536,989 | 50,000 | 1,586,989 |
| Endowment net assets at end of fiscal year | $ 1,810,780 | $ 731,949 | $ 2,542,729 |

## Note 11. Endowment Fund (continued)

| | 2020 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets at beginning of fiscal year | $ 1,587,626 | $ 681,949 | $ 2,269,575 |
| Investment return: | | | |
| Interest and dividends net of fees | 18,476 | 22,112 | 40,588 |
| Net realized depreciation | (127) | - | (127) |
| Net unrealized depreciation | (5,426) | (18,764) | (24,190) |
| Net investment gain | 12,923 | 3,348 | 16,271 |
| Contributions | 15,769 | - | 15,769 |
| Appropriation of funds | 3,348 | (3,348) | - |
| Reclassification of funds as operating reserves | (1,395,000) | - | (1,395,000) |
| Transfers from operations | 49,125 | - | 49,125 |
| Net decrease in endowment net assets | (1,313,835) | - | (1,313,835) |
| Endowment net assets at end of fiscal year | $ 273,791 | $ 681,949 | $ 955,740 |

## Note 12. Split Interest Agreement

The Center received a $250,000 gift in 2018, the terms of which stipulate that the Center pay a quarterly annuity to a third party at 5.4% per annum of the corpus for life. Upon the death of the annuitant the remainder becomes the property of the Center. The net present value of the annuity liability at June 30, 2021 and 2020, is $113,944 and $127,509, respectively. After the receipt of the gift the Center used the proceeds to purchase a single premium life annuity to collateralize the liability to the annuitant.

## Note 13. Related Party Transactions

A member of the Board is employed by an unrelated organization which renders information technology services to the Center. Fees incurred to this organization for the years ended June 30, 2021 and 2020, totaled $894 and $6,032, respectively. There were no amounts payable to this vendor at June 30, 2021 and 2020.

THE CARROLL CENTER FOR THE BLIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

## Note 14. Retail Store

The Center operates a retail store on its campus, that specializes in providing low vision products, adaptive devices, and technology. The following is a summary of its operations for the years ended June 30, 2021 and 2020.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Sales | | $ 150,500 | | $ 159,203 |
| Cost of goods sold: | | | | |
| Inventory - beginning | $ 101,967 | | $ 108,443 | |
| Purchases | 79,781 | | 97,941 | |
| | 181,748 | | 206,385 | |
| Inventory - end | 94,817 | | 101,967 | |
| | | 86,931 | | 104,418 |
| Gross margin | | 63,570 | | 54,786 |
| Expenses: | | | | |
| Direct | 76,391 | | 92,421 | |
| Indirect | 12,347 | | 13,347 | |
| | | 88,738 | | 105,769 |
| Net margin | | $ (25,168) | | $ (50,983) |

## Note 15. Retirement and Cafeteria Plans

The Center has a defined contribution retirement plan available to substantially all of its employees. The Center's contribution matches up to 3% of participating employees' salaries to the plan. For the years ended June 30, 2021 and 2020, the Center's contributions to the plan were $62,863 and $70,784, respectively.

The Center provides employees with a flexible spending plan that offer participants the choice of receiving certain health, dental, and childcare benefits through reduced taxable compensation in lieu of cash. For the years ended June 30, 2021 and 2020, the Center's contributions to the plan were $20,362 and $36,760, respectively.

## Note 16. Coronavirus Pandemic

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases continuing through 2021. Measures by various governments to contain the virus affected economic activity, and in compliance with mandates issued by the Commonwealth of Massachusetts, the Center curtailed its activities for safety and health reasons in March 2020. Social distancing, working from home, and securing materials were emphasized for the ensuing 15 months.

The impact on the Center's operations in the final four months of the year ended June 30, 2020, was a 54% reduction in program service revenue from the same time period in 2019. The impact on the Center's operations in the first eight months of the year ended June 30, 2021, was a 22% reduction in program service revenue from the same time period in 2020. Corresponding expenses also declined due to Education and Rehabilitation services moving to remote learning and training. The Center instituted work furloughs when the first PPP funding exhausted in the beginning of fiscal 2021. Cash received from the PPP increased net assets by $920,400 and $844,000 in 2021 and 2020 respectively, which was used to offset declines in operating revenues. The pandemic imposed no permanent change in investment valuations.

## Note 17. Contingencies

From time to time the Center is involved in legal actions arising in the ordinary course of business. Although the ultimate outcome of the actions cannot be determined, management's opinion is that the Center has adequate legal defenses or insurance coverage with respect to these actions, and that the amount of any liability will not have a material impact on the financial statements.

Federal and state funded programs are routinely subject to audit. The reports on such audit examinations, which are conducted pursuant to specific regulatory requirements by the auditors for the Center, are required to be submitted to both the Center and the DOE. The DOE has the authority to determine liabilities as well as to limit, suspend, or terminate Federal cost reimbursement programs. In the opinion of management, the results of such audits, if any, will not have a material effect on the Center's financial position as of June 30, 2021 or 2020, or on its changes in net assets for the years then ended.

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# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
The Carroll Center for the Blind, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Carroll Center for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities without donor restrictions, activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Carroll Center for the Blind, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Carroll Center for the Blind, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Carroll Center for the Blind, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Carroll Center for the Blind, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DI PESA & COMPANY

***Di Pesa & Company***

Certified Public Accountants
Quincy, Massachusetts

November 23, 2021